ANNUAL REPORT

for the year
ending July 31, 1987

Provincial Grain Commission

89-04733/

His Honour
The Honourable Alan R. Abraham, C.D.
Lieutenant Governor of the
Province of Nova Scotia
Government House
Halifax, Nova Scotia

Dear Sir,

I have the honour to transmit herewith the Annual Report of the Provincial Grain Commission for the fiscal year ended July 31, 1987.

I am, Your Honour,

Yours very truly,

Roger S. Bacon

The Honourable Roger Bacon
Minister of Agriculture & Marketing
Province of Nova Scotia
P.O. Box 190
Halifax, N.S.
B3J 2M4

Dear Sir:

Presented herewith in accordance with Section II(2) of the Provincial Grain Commission Act, is the Annual Report of the Provincial Grain Commission for the fiscal year ended July 31, 1987.

Respectfully submitted,

Ted Ueffing
Chairman

Robert E. Dechman
Secretary-Manager

PROVINCIAL GRAIN COMMISSION
ANNUAL REPORT
YEAR ENDING JULY 31, 1987

Commission Members
T. Ueffing—Chairman
G. Coldwell—Vice-Chairman
R. Cooper
J. Peill
J. Johnson
W. Cock
G. Parker

Staff
R. Dechman—Secretary-Manager
B. Barkhouse—Supervisor, Steam Mill Grain Center
R. Quartermain—Grader
E. Canfield—Manager, Bayhead Grain Center
M. Watters—Accounting Clerk

Background

The Provincial Grain Commission was established by an act of the Legislature of Nova Scotia that was assented to by the Lieutenant Governor May 19, 1977. Under the Act, grain means wheat, oats, rye, corn, fababeans, soybeans, field peas, rapeseed, and such other crops as may be designated by the Governor in Council.

Objectives

The objectives and powers of the Commission, as set down by the Act, are:

1) to buy, sell, store, dry, grade, and distribute grain and to promote grain production;
2) to establish prices and make initial and final payments for grain purchased or marketed by the Commission;
3) to acquire, hold, or lease real and personal property;
4) to erect buildings and other works necessary for the purchase, sale, drying, storage, and handling of grain;
5) to administer grain production incentive programs as requested by the Minister;
6) to enter into and carry out agreements and arrangements for the use,

operation, management, and control of grain drying and storage facilities;

7) to carry out such other functions and discharge such other duties as the Minister may from time to time approve or determine.

With the approval of the Governor in Council, the Commission has made the following regulations:

- respecting the conditions of purchase, sale, and distribution of grain by the Commission
- respecting the kinds, quantities, quality, and dates of purchase of grain purchased by the Commission
- fixing the dates of advance and final payments each year
- fixing rates charged for drying, storing, grading, and handling of grain handled by the Commission

Summary

Grain-Handling Facilities: The Commission operated three grain handling facilities in the province: one at Steam Mill, Kings County; one at Bayhead, Colchester County; and a third at Middleton, Annapolis County. The services of grading, drying, storage, assembling and shipping were provided to grain producers at all three locations. Protein evaluation was done on all loads of wheat delivered to the Steam Mill Grain Center at the time of delivery. Samples from loads delivered to the other locations were completed after delivery.

Advance Payments: On June 24, 1986, the Commission established the rate of advance payment for the various grains and subsequently provided funds to the Nova Scotia Winter Grain Marketing Board for distribution to growers based on the amount of grain delivered. Advances were provided totalling $469,235.90.

Operational Report

Advance Payments: The following table outlines the funds used, the number of producers participating in the various marketing pools, and the advances received by each pool.

Table I
ADVANCE PAYMENTS BY COMMODITY

	Tonnes		No. of Producers		Total Advances	
Type of Grain	1985–86	1986–87	1985–86	1986–87	1985–86	1986–87
Wheat	2,489	5,105	53	81	177,218.93	335,062.00
Rye	1,196	645	43	23	83,012.44	16,071.07
Barley	1,153	1,490	55	54	77,807.73	59,851.65
Oats	884	1,054	62	28	35,018.24	12,205.32
Hulless Oats	106	388	1	15	6,360.00	25,219.88
Corn	1,709	164	24	8	101,596.80	9,691.02
Canola	94	75	9	8	8,048.25	5,789.20
Soybeans	101	64	8	7	8,939.25	5,345.76
Total	7,732	8,985	255	224	498,001.64	469,235.90

Grain-Handling Facilities: The volume of grain handled by the Commission is shown in the following tables and is broken down by the type of grain, source, and location.

Table II
GRAIN HANDLED AT STEAM MILL GRAIN CENTRE
(Tonnes)

	1985–86			1986–87		
Types of Grain	Local	Western	Total	Local	Western	Total
Wheat	2,416.1	293.0	2,709.1	3,855.7	1,073.4	4,929.1
Rye	1,313.7	—	1,313.7	635.8	—	635.8
Barley	1,008.3	8,905.9	9,914.2	1,048.1	2,529.4	3,577.5
Oats	852.1	—	852.1	658.3	—	658.3
Corn	1,521.4	7,135.5	8,656.9	263.0	3,994.8	4,057.8
Mixed Grain	—	507.6	507.6	—	—	—
Soybean Meal	—	801.0	801.0	—	2,353.4	2,353.4
Hulless Oats	—	—	—	295.4	—	295.4
Canola Meal	—	70.5	70.5	—	—	—
Others	4.1	139.4	143.5	—	259.3	259.3
Total	7,115.7	17,852.9	24,968.6	6,756.3	10,210.3	16,766.6

Table III
GRAIN HANDLED AT BAYHEAD GRAIN CENTRE
(Tonnes)

	1985–86			1986–87		
Types of Grain	Local	Western	Total	Local	Western	Total
Wheat	166.6	243.1	409.7	87.4	—	87.4
Rye	15.3	—	15.3	5.9	—	5.9
Barley	530.6	1,444.6	1,975.2	728.7	456.3	1,185.0
Oats	460.2	—	460.2	622.1	—	622.1
Corn	—	82.0	82.0	—	286.3	286.3
Hulless Oats	—	—	—	29.7	—	29.7
Canola	93.9	—	93.9	91.5	—	91.5
Soybeans	7.8	—	7.8	39.3	—	39.3
Soybean Meal	—	76.3	76.3	—	—	—
Total	1,274.4	1,846.0	3,120.4	1,604.6	742.6	2,347.2

Table IV
GRAIN HANDLED AT MIDDLETON GRAIN CENTRE
(Tonnes)

	1985–86			1986–87		
Types of Grain	Local	Western	Total	Local	Western	Total
Wheat	65.7	—	65.7	97.6	—	97.6
Rye	193.8	—	193.8	106.1	—	106.1
Barley	468.7	—	468.7	261.2	104.3	365.5
Oats	320.1	—	320.1	395.3	—	395.3
Corn	277.9	—	277.9	41.3	467.6	508.9
Hulless Oats	—	—	—	3.1	—	3.1
Total	1,326.2	—	1,326.2	904.6	571.9	1,476.5

Special Note: There have been changes in the transportation system used to move Western grain into Nova Scotia from the traditional rail system to the movement of grain by boat to Halifax. This has resulted in lower priced grain to livestock feeders and a resulting lower price to local producers. This change has also resulted in a lower volume of Western grain moving through the Grain Centers at Steam Mill and Bayhead.

Acknowledgements

The Provincial Grain Commission wishes to acknowledge the assistance received from producers and producer associations, in particular, the Nova Scotia Winter Grain Marketing Board, and the work it has done on behalf of all grain producers in the province.

The Commission wishes also to acknowledge the co-operation received from the milling industry and the livestock feed trade organizations in the province for their assistance in marketing and handling the local crop.

In conclusion, the Commission wishes also to acknowledge the contributions of its operational staff in the dedication to their work and the effort they have put forward to serve their clientele.

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
FINANCIAL STATEMENTS
JULY 31, 1987

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
FINANCIAL STATEMENTS
JULY 31, 1987

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AUDITOR'S REPORT

To the Chairman and Members of the
Provincial Grain Commission and to
the Minister of Agriculture and Marketing

I have examined the balance sheet of the Provincial Grain Commission as at July 31, 1987 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at July 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
September 24, 1987

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
BALANCE SHEET
AS AT JULY 31, 1987

ASSETS

	1987	1986
Current		
Cash (Note 3)	$1,241,300	$1,141,043
Short term investments	250,000	250,000
Accounts receivable	95,326	122,067
Accrued interest	8,862	9,128
Advances receivable	—	53,597
Grain inventory	55,984	58,842
	$1,651,472	$1,634,677

LIABILITIES AND EQUITY

Current		
Accounts payable	$ 36,549	$ 17,804
Due to producers	—	6,186
	36,549	23,990
Long Term		
Advance from Province of Nova Scotia	950,000	950,000
Retained Earnings	664,923	660,687
	$1,651,472	$1,634,677

Contingency (Note 4)

APPROVED ON BEHALF OF THE BOARD

Chairman

Member

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED JULY 31, 1987

	1987	1986
Revenues		
Grain Centre revenues (Schedule A)	$255,756	$263,621
Profit on Commission owned grain	11,282	1,351
Other	2,938	1,915
	269,976	266,887
Expenses		
Grain Centre operating expenses (Schedule A)	422,475	542,770
Handling fees, other facilities	16,800	16,800
Assistance to grain producers (Note 5)	26,804	—
	466,079	559,570
Operating loss	196,103	292,683
Administrative expenses		
Construction and equipment purchases (Note 2)	31,739	18,017
Salaries	93,407	74,717
Travel and meetings	16,844	17,213
Office expenses	13,494	19,773
Provision for bad debts	34,848	11,579
Other	10,507	17,411
	200,839	158,710
Less: Interest income	69,306	83,380
	131,533	75,330
Loss before Government contribution	327,636	368,013
Contributions by the Province of Nova Scotia (Note 2)	331,872	338,959
Net income (loss)	4,236	(29,054)
Retained earnings, beginning of period	660,687	689,741
Retained earnings, end of period	$664,923	$660,687

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1987

1. Authority

The Provincial Grain Commission was established by the Provincial Grain Commission Act in 1977. Its purpose is to provide grain drying, storage and handling facilities for the farmers of Nova Scotia. During the year three facilities were in operation, one in Steam Mill, Kings Co., one in Bayhead, Colchester Co., and one in Middleton, Annapolis Co.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following policies.

a) Fixed Assets:

Purchases of capital equipment and machinery are expensed in the year of acquisition. As well, costs relating to construction of facilities are expensed in the year incurred.

b) Contributions by the Province of Nova Scotia:

The Department of Agriculture and Marketing pays various operating and administrative expenses as well as some of the capital expenses of the Provincial Grain Commission.

c) Short-term Investments:

Short-term investments are stated at cost. As at July 31, 1987, the market value of the investments equalled their cost.

d) Inventories:

Grain inventories owned by the Commission are valued at the market price on July 31, 1987. Grains in storage on behalf of producers are not reflected in these financial statements.

3. Cash

Cash includes both the general cash of the Commission, as well as funds to be used for advance payments to producers to cover the costs of producing grains.

The Commission is authorized to make advance payments to producers through the Nova Scotia Winter Grain Marketing Board. This program is funded by a $950,000 long term advance from the Province of Nova Scotia. The advances are recovered when the Nova Scotia Winter Grain Marketing Board sells the grains. As at July 31, 1987, $949,909 (July 31, 1986—$896,313) was still available to be advanced to producers.

	1987	1986
General operating accounts	$ 63,325	$ 52,740
Interest on advance payment account	228,066	191,990
Advance payment account	949,909	896,313
	$1,241,300	$1,141,043

4. Contingency

The Commission has been named as a third party in a lawsuit against a feed distributor. The suit was initiated by a farmer claiming the loss of livestock and revenues. The Commission intends to vigorously contest the claim. At the present time, it is not possible to determine the value of the claim or the outcome of the action. Settlement, if any, that may result from this lawsuit, is expected to be accounted for as a charge against income for the period in which settlement is made.

5. Assistance to Grain Producers

The Commission made payments to the Nova Scotia Winter Grain Marketing Board to cover losses incurred by grain producers due to declines in grain market prices during the year. This assistance enabled grain producers to repay advance payments made to them by the Marketing Board.

GRAIN CENTRE OPERATIONS
FOR THE YEAR ENDED JULY 31, 1987

Schedule A

	Steam Mill		Bay Head		Middleton		Total	
	1987	1986	1987	1986	1987	1986	1987	1986
Revenues								
Handling and drying fees	$189,095	$210,155	$49,623	$ 38,217	$17,038	$15,249	$255,756	$263,621
Operating Expenses								
Salaries	106,044	118,340	65,961	63,335	47,337	39,174	219,342	220,849
Insurance	25,755	24,752	8,747	6,723	9,521	6,496	44,023	37,971
Maintenance, rentals and repairs	26,428	94,372	12,685	35,370	9,970	32,052	49,083	161,794
Electricity	17,330	15,449	14,122	8,756	5,633	4,590	37,085	28,795
Fuel	28,796	33,631	12,114	7,131	2,762	3,226	43,672	43,988
Trucking	5,940	11,507	14,589	22,154	313	27	20,842	33,688
Storage	2,662	7,115	—	—	298	—	2,960	7,115
Handling	—	3,031	—	—	—	—	—	3,031
Other	4,202	428	813	4,668	453	443	5,468	5,539
	217,157	308,625	129,031	148,137	76,287	86,008	422,475	542,770
Operating loss	$ 28,062	$ 98,370	$ 79,408	$109,920	$59,249	$70,759	$166,719	$279,149